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Grassley Promotes Alternative Fuels to Help Consumers

WASHINGTON – With energy demands soaring, America’s consumers more than ever need Congress to support the development of alternative fuels, Sen. Chuck Grassley, a leader of the Committee on Finance, said today.

“Consumers want relief from high energy prices,” Grassley said. “A key way to deliver relief is through more choices for fueling cars and generating electricity. Congress should continue supporting the development of alternative fuels via tax incentives. The tax code helps to make or break alternative energy development.”

Grassley’s comments came after a Committee on Finance hearing at which experts testified about the demand for alternative fuels and the role of tax incentives in meeting that demand.

Grassley has a long-standing interest in alternative fuel development. In 1992, he authored legislation to provide the first-ever tax incentive for wind energy production. In 1997, Grassley pushed a ten-year extension of the tax credit for corn-based ethanol through Congress. This year, Grassley has introduced legislation to extend the wind energy production tax credit; and to extend and expand the tax credit for electricity derived from biomass. He also included a provision in his *Tax Empowerment and Relief for Farmers and Fishermen Act* (S. 312) to ensure that the small ethanol producers’ tax credit is available to farmer-owned cooperatives.

The leader of the national trade association for the domestic ethanol industry testified that the industry is expanding rapidly, thanks in large part to tax incentives. “The federal tax incentive program for ethanol fuels has been a tremendous success story,” said Robert Dinneen, vice president of the Renewable Fuels Association.

Dinneen said U.S. ethanol production last year was at a record 1.6 billion gallons. The clean, energy-efficient, environmentally friendly fuel is produced at local facilities that create jobs. Dinneen said the availability of ethanol expands fuel supplies, which increases marketplace competition and reduces overall gasoline prices for drivers. The consumer group Citizen Action said ethanol’s use helps “consumers use less polluting oil and reduces dependence on costly oil imports.”

Grassley said the importance of developing alternative fuels, including ethanol, will grow in coming years. The United States is more reliant than ever on foreign oil, while energy demand is soaring, Grassley said. Alternative fuels should be part of a comprehensive approach that also emphasizes conservation, energy-efficient technologies and boosting domestic production of oil, electricity and natural gas, Grassley said.

“Meeting energy demands will require action from a lot of sources,” Grassley said. “Alternative fuels are a big slice of the pie. I look forward to working in Congress toward aggressive action on tax incentives to promote alternatives to traditional energy supplies.”